

October 28, 1999

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NOV 01 1999

Compass Telecommunications Inc.
7001 Scottsdale Rd. Suite 2000 '99 NOV 1 AM 10 44
Scottsdale, AZ. 85250

TN REGULATORY AUTHORITY

OFFICE OF THE
EXECUTIVE SECRETARY

JK

Commissioner
Tennessee Regulatory Commission
460 James Robertson Hwy.
Nashville, Tennessee 37243

99-00837

Attn: Ms. D. Webb

Re: CLEC Application of Compass Telecommunications Inc.

Per our phone conversation, we have hereby submitted (4) additional copies of our Application for Certification to provide telecommunications services within the State of Tennessee.

Please also find enclosed, a check for \$25.00 application fee.

Thanks for the phone call.

Respectfully Submitted:

Clinton W. Vance

Clinton W. Vance
Legal & Regulatory Section
(480) 367-8000
fax: (480) 367-8008

Paid
CK# 333
\$25²⁰

FILE

Application of Compass Telecommunications, Inc. for
Certification to Provide Local, Long Distance, and Facilities-
Based Telecommunications Services.

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99-00837

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FILE

Compass Telecommunications, Inc.
7001 N. Scottsdale Road Suite #2000
Scottsdale, Arizona 85250
(480) 367-8000

Cover Letter

Application for Certification to Provide Telecommunications Services
within the State of Tennessee, in Compliance with the Order of the Tennessee Public
Service Commission in TCA 65-2 w/ Applicable Sections & Chapter 408, of Public Acts
of 1995.

Issued By: Joanne Beal, Secretary
Compass Telecommunications, Inc.
Scottsdale, Arizona 85250

Issued: October 11, 1999

Effective: January 12, 2000

FILE

BEFORE THE TENNESSEE REGULATORY AUTHORITY

In the matter of the Applicant of)
Compass Telecommunications, Inc.)
A Certificate to provide competing)
Local and Long Distance)
Telecommunications Services)

APPLICATION FOR CERTIFICATE TO PROVIDE
COMPETING LOCAL AND LONG DISTANCE TELECOMMUNICATIONS
SERVICES

Pursuant to applicable Tennessee statutes and the rules and regulations of the Tennessee Regulatory Authority and section 253 of the Federal Telecommunications Act of 1996 ("Act"), Compass Telecommunications, Inc. ("CTI") respectfully requests the the Tennessee Regulatory Authority ("TRA") grant to CTI authority to provide competing local and long distance telecommunications services, including exchange telecommunications services, within the state of Tennessee. CTI is willing and able to comply with all applicable rules and regulations in Tennessee pertaining to the provision of competing local telecommunications services.

In support of its Application, CTI submits the following:

1. The full name and address of the applicant is:

Compass Telecommunications, Inc.
7001 N. Scottsdale Rd.
Suite 2000
Scottsdale, AZ 85250
Telephone: (480) 367-8000

Questions regarding this application should be directed to:

Clinton W. Vance
Compass Telecommunications, Inc.
7001 N. Scottsdale Rd.
Suite 2000
Scottsdale, AZ 85250
Telephone: (480) 367-8000

Contact name and address at the company is:

Joanne Beal
Compass Telecommunications, Inc.
7001 N. Scottsdale Rd.
Suite 2000
Scottsdale, AZ 85250
Telephone: (480) 367-8000

2. Names and addresses of all officers in Tennessee

CTI will have no officers located in Tennessee. We will use National Registered Agents, Inc for all local correspondence located at:

National Registered Agents, Inc.
1912 Hayes St.
Nashville, TN 37203

3. Corporate Information

CTI was incorporated in the state of Nevada on Feb. 4, 1998.
See attachment #1

4. Repair and Maintenance Information

CTI's customers will call our Scottsdale based office via 800 number who will in return contact the local ARBOC.

5. Status of CTI in other states

CTI is currently in the process of becoming a CLEC reseller in all 50 states. We are currently licensed to operate in:

Florida Facility Based – Granted interexchange, local exchange
Illinois Facility Based – Granted interexchange, local exchange
Arizona – Granted interexchange, local exchange
Nebraska – Granted interexchange, local exchange
Nevada - Granted interexchange, local exchange
Iowa - Granted interexchange, local exchange
Montana - Granted interexchange, local exchange
Oregon - Granted interexchange, local exchange
Wisconsin-Granted inter exchange, local exchange

6. Financial, Managerial, and Technical Qualifications

CTI possesses the managerial, technical, and financial ability to provide local telecommunications and service in the state of Tennessee as demonstrated below.

6A. Financial Qualifications

See attachment #2

6B. Managerial Qualifications

See attachment #3

6C. Technical Qualifications

See attachment #4

7. Proposed Service Area

CTI proposes to offer its services throughout the entire state of Tennessee.

8. Types of Local and Long Distance Services to be provided

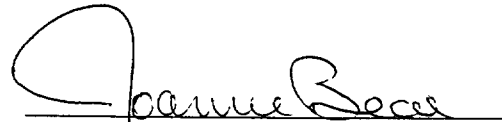
Compass intends to target 10 line businesses providing integrated communications products and related services through its network-operating center. Compass ATM network will provide dynamically allocated bandwidth capability from subscriber premises into the network. Thus Customer will be able to subscribe; local dial tone, long distance capability, high-speed data video transmission, and internet capabilities. Compass will enter an interconnection agreement for resell and facility based applications with Bell South. Geographic location that Bell South is authorized to be in with intent to become statewide. No operator services will be provided.

10. Statement of Compliance

CTI agrees to abide by all applicable statutes and all applicable Orders, rules, and regulations entered and adopted by the Tennessee regulatory Authority.

Respectfully submitted this 8th day of October, 1999.

Respectfully submitted,
Compass Telecommunications, Inc.

A handwritten signature in cursive script, appearing to read "Joanne Beal", is written over a horizontal line.

Joanne Beal, Secretary
Compass Telecommunications, Inc.
7001 N. Scottsdale Rd.
Suite 2000
Scottsdale, AZ 85250
480-367-8000

Dated: October 8, 1999

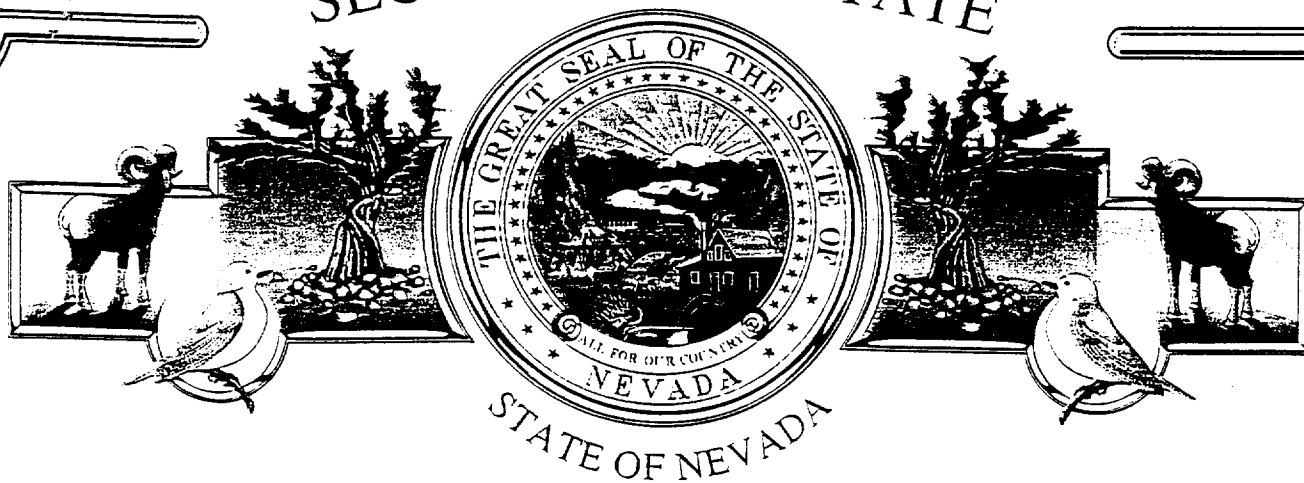
Compass Telecommunications, Inc.
7001 N. Scottsdale Road Suite #2000
Scottsdale, Arizona 85250
(480) 367-8000

Certificate of Existence

Application for Certification to Provide Telecommunications Services
within the State of Tennessee.

Issued By: Joanne Beal, Secretary
Compass Telecommunications, Inc.
Scottsdale, Arizona 85250

SECRETARY OF STATE



CERTIFICATE OF EXISTENCE WITH STATUS IN GOOD STANDING

I, DEAN HELLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that I am, by the laws of said State, the custodian of the records relating to filings by corporations, limited-liability companies, limited partnerships, and limited-liability partnerships pursuant to Title 7 of the Nevada Revised Statutes which are either presently in a status of good standing or were in good standing for a time period subsequent of 1976 and am the proper officer to execute this certificate.

I further certify that the records of the Nevada Secretary of State, at the date of this certificate, evidence, **COMPASS TELECOMMUNICATIONS, INC.**, as a corporation duly organized under the laws of Nevada and existing under and by virtue of the laws of the State of Nevada since February 4, 1998, and is in good standing in this state.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed the Great Seal of State, at my office, in
Carson City, Nevada, on August 9, 1999.



Dean Heller

Secretary of State

By

Sh. L. Laila

Certification Clerk

Compass Telecommunications, Inc.
7001 N. Scottsdale Road Suite #2000
Scottsdale, Arizona 85250
(480) 367-8000

Articles of Incorporation

Application for Certification to Provide Telecommunications Services
within the State of Tennessee.

Issued By: Joanne Beal, Secretary
Compass Telecommunications, Inc.
Scottsdale, Arizona 85250

IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

ARTICLES OF INCORPORATION
(Pursuant to NRS 78)
STATE OF NEVADA
Secretary of State

FEB 04 1998

No. CA155-98

Dean Heller NAME OF CORPORATION:
DEAN HELLER, SECRETARY OF STATE Compass Telecommunications, Incorporated

2. RESIDENT AGENT:

Name of Resident agent: Business Filings Incorporated
Street Address: 2413 S. Eastern Ave., Suite 143, Las Vegas, NV 89104.

3. SHARES:

The corporation is authorized to issue two thousand (2,000) shares of stock.
The par value of each share is one cent (\$0.01).

4. GOVERNING BOARD:

The governing board shall be directors.
The initial board of directors shall consist of three directors:
Ray Powers, 5240 Paradise Canyon Rd., Paradise Valley, Arizona,
85253;
Frank Toney, 7034 E. Soaring Eagle Way, Scottsdale, AZ 85262;
Michael S. Benbow, 7300 Lakeshore Dr., 38, New Orleans, LA 70124.

5. SIGNATURE OF INCORPORATOR:

Richard A. Oster, 214 N. Henry Street, Suite 201, Madison, WI 53703.

Richard A. Oster

State of Wisconsin County of Dane

This instrument was acknowledged before me on
February 4, 1998 by
Richard A. Oster
as Incorporator

Richard A. Oster on June 17, 2001

6. Certificate of acceptance of appointment of resident agent:

Business Filings Incorporated hereby accepts appointment as resident agent for the above
named corporation.

Richard Oster
Richard Oster Vice-President of
Business Filings Incorporated

February 4, 1998

Compass Telecommunications, Inc.
7001 N. Scottsdale Road Suite #2000
Scottsdale, Arizona 85250
(480) 367-8000

Corporate Officers & Directors Listing

Application for Certification to Provide Telecommunications Services
within the State of Tennessee.

Issued By: Joanne Beal, Secretary
Compass Telecommunications, Inc.
Scottsdale, Arizona 85250

FILE

Board of Directors

The Board of Directors is currently comprised of three members:

- ❑ Ray Powers – Chairman of the Board, President & CEO of Compass Telecommunications Inc. (Paradise Valley, Arizona)
- ❑ Mike Benbow - CEO of MS Benbow & Associates, President of Spectrum Group Inc., President of Omnicron Telecommunications, Partner & Board Member of Computerized Processes Unlimited, & CEO of Omni Technologies Inc. (New Orleans, Louisiana)
- ❑ Carl Isenberg – Director of Project Management Consulting at EDS (Troy, Michigan)

Board of Advisors

A Board of Advisors has been established to advise the corporate management team, and complement the Board of Directors. Membership is comprised of successful business leaders that are investors, vendors, customers, advocates, or other stakeholders who can provide insight and assistance with scope, direction and aggressive growth. This board has no limit on number of members, but is projected to include approximately ten to twelve business leaders. The Board currently includes:

Mr. Thomas J. Orloski
President
Oakcreek Funding Corporation

Mr. Louis Couto
Vice President-Information Systems
America West Airlines

Mr. Douglas C. Dreyer
Senior Vice President-Investments
Smith Barney Inc.

Mr. Timothy J. Thomason
Director-Attorney at Law
Streich Lang

Mr. Rodney Wilkinson
Attorney at Law
T.E.A.M. Paragon International, L.C.

Mr. Larry Gudis
Senior Vice President
University of Phoenix

Mr. Larry Paprocki
Executive Director Stonegate

Mr. Dan Ehmann
General Manager
Planet Hollywood

Compass Telecommunications, Inc.
7001 N. Scottsdale Road Suite #2000
Scottsdale, Arizona 85250
(480) 367-8000

Corporate Managerial Expertise

Application for Certification to Provide Telecommunications Services
within the State of Tennessee.

Issued By: Joanne Beal, Secretary
Compass Telecommunications, Inc.
Scottsdale, Arizona 85250

Ray Powers – President & CEO. Mr. Powers' in depth experience in the telecommunications industry from both an RBOC and start-up CLEC perspective ensures that Compass Telecommunications Inc. will take advantage of the latest technology, avoid frequent industry errors, maintain technological leadership, and reach positive ebitda as rapidly as possible.

Mr. Powers brings more than 35 years of telecommunications and technology management experience to the company. Prior to joining Compass, he served as Senior Vice President and Chief Operating Officer of a New Orleans based CLEC. Mr. Powers was instrumental in setting up operations as well as obtaining funding amounting to a commitment of over \$230-million. Revenue performance was significant with a track record of zero to over \$16-million in less than 12 months.

Mr. Powers served as Vice President of Technology Management at Dade International, Inc., a leading supplier of medical diagnostic instrument systems and related high technology products for clinical laboratories around the world. During his tenure at Dade, corporate revenue increased from \$500-million to \$1.7-billion.

Prior to the Dade assignment, he began a 30-year career at AT&T & US West as part-time college hire, and progressed through a variety of craft, technical, management and executive positions.

As Manager of Network Services, he was responsible for Switching Control Center operations and Central Office administration for nearly one million main stations, and several hundred employees. As Director of Technology Management, he had responsibility for development, marketing, deployment and sales support of new technology products. He developed the protocol used for "Calling Name Delivery", conducted innovative wireless trials such as "dial tone by satellite", and an evaluation of combined cellular and PCS functionality. He facilitated US West's early evaluation of Asynchronous Transfer Mode (ATM) switching, and conducted several switched video application trials. Mr. Powers served as Senior Director of Corporate Project Management, where he was responsible for cross-functional management of all new products, corporate strategic initiatives and major capital projects. As a senior executive he also served on the Market Unit strategic planning board (Cabinet). He has had extensive involvement with the Project Management Institute (PMI), served as the Director of Standards for the Institute, and is a Certified Project Management Professional (PMP). He has an Associate of Arts degree from Phoenix College, a Bachelor of Science degree in Business Management from Arizona State University, and an MBA in Technology Management from the University of Phoenix.

Thomas W. Larkin – Executive Vice President, has served as the President and Chief Executive Officer of Tri-Star Computer Corporation since December 1995. He is a senior-level executive with proven results in general management from entrepreneurial start-ups to major corporations. Mr. Larkin, in 1989, founded and served as the President of I-Mark Corporation, a firm specializing in crisis management, private placements and IPO's. Prior to joining Tri-Star, he held executive level positions at several fortune 500 companies including President/CEO for Dove Computer Corporation, President of M.A.S. Company, a subsidiary of MicroAge, Inc., Group Vice President for MicroAge, Senior Vice President for Citicorp, and Division Planning/Development Manager for the Pepsi Corporation. Mr. Larkin has served on the advisory committee's for Apple Computer, AT&T, Wang, and Compaq.

Mr. Larkin has been recognized and accredited as a proven leader in the high-tech industry, and has on several occasions been featured in leading publications such as Forbes Magazine, Cadalyst Magazine, as well as Cadence Magazine. In 1997, he was selected and featured for a three-month period, on United Airlines in-flight video program, focusing on high tech companies and the Intel Corporation. He attended Hawthorne College and the Graduate School of Banking and Money Management, at Adelphi University.

Ted Schuman – Senior Vice President Marketing & Sales, has an extensive background of innovative experience in the sales and marketing of telecommunications products and services. He is a successful businessman and entrepreneur, has collected numerous national awards, and consistently exceeded stated objectives in a wide variety of telecommunications sales environments.

Mr. Schuman has been the President & CEO of U S Telebroakers, Inc. (UST). UST was founded in 1993, and has a cash flow in excess of \$1 million monthly. The company manages a nationwide-wide agent network and acts as a clearinghouse for a variety of ICP services. Prior to founding UST, Mr. Schuman served as the Regional Sales Manager for Frontier Communications, Inc., and achieved dramatic results during his tenure with them. Prior to working with Frontier, he served as the National Accounts Manager for 3M Office Products, and established a robust track record, consistently ranking among the company's most productive sales managers. Mr. Schuman served in the U.S. Navy as a Petty Officer from 1982 – 1986.

Joanne Beal – Controller & Acting CFO, has responsibility for all accounting functions, billing and collections, and human resource activity. Joanne comes to Compass with over 26 years of accounting experience; 23 of which were in private practice. As a business owner, she has had to deal with capitalization and valuation issues, as well as structuring a detailed methodology and finance plans associated with start-up ventures. Heading her own professional corporation, as well as teaching accounting and communications classes has enhanced her experience level, and given her insight into many and varied facets of business management. Educated at the University of Minnesota and the University of Alaska, she also holds several professional designations, including Enrolled Agent (EA), Accredited Business Advisor and Accredited Tax Advisor.

Andria Allen – Director Network Operations, has responsibility for network management and network technology issues, and ensures that all communications systems provide optimum performance. Additionally, she has responsibility for network operations and technology personnel associated with ISP services, MIS, and Network Switching including the Help Desk function and the Network Operations Center. Andria has over 15 years of experience in variety of telecommunications and information technology operations assignments as an Air Force Officer. She served in numerous management and executive roles in the telecommunications field in assignments around the world. Andria has a Bachelor of Arts degree from Dakota Wesleyan University and a Master of Business Administration degree from Troy State University.

Geri Gurule’ – Director Corporate Staff, has responsibility for corporate initiatives and special projects. Geri has over 25 years of telecommunications experience in both the regulated and non-regulated US West environment for technical designed services. While at US West, she developed methods & procedures for un-bundled services in Open Network Architecture, and conducted a variety of field training initiatives. Additionally, she has been the manager of installation & maintenance, and design services centers at US West. She brings in depth knowledge of methods and processes associated with design services and back office procedures

Compass Telecommunications, Inc.
7001 N. Scottsdale Road Suite #2000
Scottsdale, Arizona 85250
(480) 367-8000

Corporate Industry Experience

Application for Certification to Provide Telecommunications Services
within the State of Tennessee.

Issued By: Joanne Beal, Secretary
Compass Telecommunications, Inc.
Scottsdale, Arizona 85250

A. Company Overview

Compass is a Competitive Local Exchange Carrier ("CLEC") providing local exchange service, long distance service, Internet related service and data transmission service. The Company is dedicated to becoming a network-based integrated communications services provider known for its leading technology, competitive pricing and superior customer care.

The Company was founded in 1998 in Scottsdale, Arizona by an experienced team of executives who have a vast amount of expertise in the telecommunications industry. The Company's senior management consists of four executives who have a combined 115 years of experience in the telecommunications industry.

Compass began operations in August 1998 and has established or is in the process of establishing CLEC licensing in all 50 states. The Company resells a variety of communication services, including local exchange service, long distance service, Internet related service and data transmission service. Compass currently provides local exchange service in Phoenix, Arizona and is authorized to do so in Nevada, Oregon, Washington, New Mexico, Nebraska and Wisconsin. In addition, the Company is authorized to provide long distance service and Internet related service in all 50 states and currently has customers in Arizona, California, Colorado, Illinois, Indiana, Minnesota, New Mexico, New York, Oregon, Utah and Wisconsin.

Once the Company has achieved certain operating objectives as a reseller, it plans to install a state-of-the-art, scalable and adaptable Asynchronous Transfer Mode ("ATM") network to provide full dynamically allocated bandwidth capability directly from subscriber premises into the network. This evolutionary technology allows for ATM bandwidth data applications with full integration into the existing telephony network, where appropriate.

The Company's strategy is to attract customers by reselling integrated communications services, primarily to Tier II and Tier III markets throughout the United States. Although Compass anticipates the majority of its customers will be in Tier II and Tier III markets, it will continue to be opportunistic in pursuing business in Tier I markets. The Company's target customer can be described as a business that utilizes a minimum of ten lines for communications activities. Once Compass has achieved certain operating objectives as a reseller, such as revenue levels, customer count and market share, it will install an ATM network and complete the transition from a reseller to a facilities-based communications provider. As a result, On-Net customers will receive improved telecommunications services while the Company will enjoy significantly higher margins.

Compass believes in providing superior customer care and integrated billing. The Company is not positioned as the low-cost solution for customers looking to frequently turnover or churn communications providers. Instead, it is positioned as a competitively priced provider of integrated communications services, focused on long-term customer relationships revolving around leading technology revolving and superior customer care. Compass provides these services through its customer oriented business methodology, as well as evaluation and engineering models that take advantage of new technology and efficiencies achieved by providing integrated communications services.

Compass differentiates itself, in part, by lowering overall customer costs and increasing efficiency through competitive pricing of integrated communications services. The ability to offer integrated communications services or bundled services, is a significant factor in acquiring and maintaining market share in a highly competitive environment. As a result, Compass believes it must provide local exchange service, long distance service, Internet related service and data transmission service to its customers in order to be successful. In addition, the Company seeks to meet customer demand for increased Internet access and data transmission speed and functionality through its ATM network, as well as customer demand for superior customer care through a single customer service source.

Compass Telecommunications, Inc.
7001 N. Scottsdale Road Suite #2000
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(480) 367-8000

Corporate Financial Statements

Application for Certification to Provide Telecommunications Services
within the State of Tennessee.

Issued By: Joanne Beal, Secretary
Compass Telecommunications, Inc.
Scottsdale, Arizona 85250

Compass Telecommunications Inc

Balance Sheet

As of: March 31, 1999

ASSETS

Current Assets:

Checking Account-M & I Thunder	\$1,340.15
Optg Checking -Century Bank	1,821.41
IXC Lock Box Acct-Chase	263.43
M M Checking- Century	243,634.60
C D-Letter of Credit-ELI	40,295.20
CD-Letter of Credit-Shimizu	50,494.51
Accounts Receivable-L D	3,565.27
Accounts Receivable-Local Svce	14,977.17
Employee Rcvble-Parking	220.00
Other Receivables	124.01
Employee Rcvble-Other	320.70
Notes Receivable-Current	89,715.58
Ppd Rent	25,271.00
Ppd Ins - Property	2,836.99
Ppd Ins - Key Man Life	1,180.72
Deposits/Furniture	7,017.50

TOTAL Current Assets

\$483,078.24

Fixed Assets:

Furniture & Fixtures	38,706.29
Furniture & Fix. Accum. Deprn.	(260.99)
Equipment	9,897.85
Equipment Accum. Deprn.	(115.69)
Equipment G & A	48,943.24
Equip G & A-Accum Depr	(3,359.96)
Leasehold Improvements	2,397.53
Signage	2,364.19

TOTAL Fixed Assets

98,572.46

Other Assets:

Refundable Deposits-Optg	31,002.83
Refundable Deposits-Licensing	4,850.00
Customer Lists-C. Lindsey	40,000.00
Accum Amort-Customer Lists	(1,110.66)

TOTAL Other Assets

74,742.17

TOTAL ASSETS

\$656,392.87

LIABILITIES

Current Liabilities:

Trade Payables	\$568.95
Sales Tax Payable	924.42
Excise Tax Payable	844.77

TOTAL Current Liabilities

\$2,338.14

Long-Term Liabilities:

Travel Advances	(3,500.00)
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TOTAL Long-Term Liabilities

(3,500.00)

Compass Telecommunications, Incorporated
Balance Sheet
December 31, 1998

ASSETS

Current Assets	\$	200.00	
Cash		1,340.15	
Regular Checking Account		5,163.49	
Regular Checking-Century		316,071.19	
Money Market-Century		40,295.20	
Letter of Credit-ELI		50,494.51	
Letter of Credit-Shimizu Devel		10,067.50	
Accounts Receivable		124.01	
Other Receivables		11,135.86	
Prepaid Expenses		89,715.58	
Notes Receivable-Current			
Total Current Assets			524,607.49
Property and Equipment		38,706.29	
Furniture and Fixtures		48,643.81	
Equipment-G & A		9,717.66	
Equipment-Network Operations		<260.99>	
Accum. Depreciation-Furniture		<3,359.96>	
Accum. Depreciation-Equipment		<115.69>	
Accum. Depr. Equip-Network Op			
Total Property and Equipment			93,331.12
Other Assets		32,802.83	
Deposits		40,000.00	
Customer Lists-C. Lindsey		<1,110.66>	
Accum Amort - Customer Lists			
Total Other Assets			71,692.17
Total Assets	\$		<u>689,630.78</u>

LIABILITIES AND CAPITAL

Current Liabilities	\$	6,934.59	
Accounts Payable		304.60	
Sales Tax Payable		137.49	
Excise Tax Payable		217.01	
Other Taxes Payable			
Total Current Liabilities			7,593.69
Long-Term Liabilities			
Total Long-Term Liabilities			<u>0.00</u>
Total Liabilities			7,593.69
Capital		864.84	
Common Stock		1,238,896.01	
Paid-in Capital		<557,723.76>	
Net Income			
Total Capital			<u>682,037.09</u>
Total Liabilities & Capital	\$		<u>689,630.78</u>

Compass Telecommunications Inc

Income Statement

	1 Month Ended March 31, 1999		3 Months Ended March 31, 1999	
Income				
Income-Long Distance				
Long Distance-Resell	\$7,065.57	32.7%	\$15,705.64	34.7%
TOTAL Total Long Distance	<u>7,065.57</u>	<u>32.7%</u>	<u>15,705.64</u>	<u>34.7%</u>
Income-Local Service				
Local Svce-Resell	10,548.29	48.8%	18,693.47	41.3%
Call Forward	1,106.00	5.1%	3,264.25	7.2%
Other Extras	870.43	4.0%	2,196.58	4.9%
Wire Maintenance	487.72	2.3%	1,325.74	2.9%
Rebill Usage	76.65	0.4%	328.36	0.7%
Federal Access Charge	1,429.28	6.6%	3,552.44	7.9%
TOTAL Total Local Service	<u>14,518.37</u>	<u>67.1%</u>	<u>29,360.84</u>	<u>64.9%</u>
Income-Internet				
Unlimited Internet	0.00	0.0%	20.50	0.0%
Internet-EMail Only	50.00	0.2%	170.00	0.4%
Internet-Domain Transfer Fee	0.00	0.0%	(40.00)	-0.1%
TOTAL Total-Internet	<u>50.00</u>	<u>0.2%</u>	<u>150.50</u>	<u>0.3%</u>
TOTAL Income	<u>21,633.94</u>	<u>100.0%</u>	<u>45,216.98</u>	<u>99.9%</u>
Adjustments				
Refunds	0.00	0.0%	25.00	0.1%
TOTAL Adjustments	<u>0.00</u>	<u>0.0%</u>	<u>25.00</u>	<u>0.1%</u>
NET INCOME	<u>21,633.94</u>	<u>100.0%</u>	<u>45,241.98</u>	<u>100.0%</u>
Cost of Goods Sold				
COGS-Long Distance	6,064.40	28.0%	12,774.10	28.2%
COGS-Local Service	8,743.71	40.4%	28,797.44	63.7%
COGS-Local Svce-Install & Svce	0.00	0.0%	80.00	0.2%
COGS-Internet	2,820.00	13.0%	4,846.89	10.7%
COGS-Long Distance Billing-IXC	0.00	0.0%	258.00	0.6%
TOTAL Cost of Goods Sold	<u>17,628.11</u>	<u>81.5%</u>	<u>46,756.43</u>	<u>103.3%</u>
GROSS PROFIT	<u>4,005.83</u>	<u>18.5%</u>	<u>(1,514.45)</u>	<u>-3.3%</u>
Expenses				
Payroll Costs				
Salaries-Executive	22,416.66	103.6%	67,249.98	148.6%
Salaries-General & Admin	3,604.16	16.7%	10,687.50	23.6%
Salaries-Sales	5,166.67	23.9%	5,166.67	11.4%
Salaries-Sales & Mktg	5,141.67	23.8%	22,808.35	50.4%
Salaries-Sales Commissions	0.00	0.0%	1,297.11	2.9%
Salaries-Business Office	7,703.44	35.6%	37,440.95	82.8%
Salaries-NOC	2,625.00	12.1%	8,458.32	18.7%

FILE

Compass Telecommunications Inc

Income Statement

	1 Month Ended March 31, 1999		3 Months Ended March 31, 1999	
Salaries-Internet IPS	8,389.84	38.8%	13,389.84	29.6%
Payroll Taxes	5,204.86	24.1%	16,692.02	36.9%
Medical Insurance	0.00	0.0%	1,054.72	2.3%
Insurance-Liability	516.67	2.4%	1,550.01	3.4%
Life Insurance	266.88	1.2%	800.64	1.8%
TOTAL Payroll Costs	61,035.85	282.1%	186,596.11	412.4%
Print Ads	986.50	4.6%	1,338.50	3.0%
Window Painting	290.00	1.3%	290.00	0.6%
Trades	458.58	2.1%	458.58	1.0%
Board Travel Expense	790.20	3.7%	790.20	1.7%
Electricity	0.00	0.0%	325.21	0.7%
Printing-Sales & Mktg	529.12	2.4%	529.12	1.2%
Printing Costs-Compliance	0.00	0.0%	46.86	0.1%
Printing Costs-G & A	446.97	2.1%	784.64	1.7%
Equip Rental-Postage Meter	79.52	0.4%	79.52	0.2%
Freight-Postage	25.20	0.1%	25.20	0.1%
Postage/Shipping-Compliance	74.14	0.3%	344.89	0.8%
Postage/Shipping-G & A	300.00	1.4%	634.36	1.4%
Office Supplies	99.37	0.5%	153.07	0.3%
Off Supplies-G & A	697.09	3.2%	1,208.71	2.7%
Telephone Svce-G & A	206.62	1.0%	7,581.87	16.8%
Cell Phone-Network Systems	2.94	0.0%	170.03	0.4%
Cell Phone-Sales & Mktg	45.60	0.2%	162.32	0.4%
Cell Phone-G & A	619.37	2.9%	1,530.03	3.4%
Pager Service	7.34	0.0%	7.34	0.0%
Pager Svce-NOC	7.34	0.0%	21.45	0.0%
Pager Svce-B O	7.35	0.0%	15.27	0.0%
Fees & Dues-Professional	0.00	0.0%	131.00	0.3%
Travel Exp-Sales & Marketing	772.18	3.6%	1,408.59	3.1%
Auto Mge Reimb-Sales & Market	1,004.81	4.6%	3,079.83	6.8%
Autop Expense Reimb-G & A	0.00	0.0%	32.84	0.1%
Eq Lease-Corporate Offices	5,274.60	24.4%	10,975.72	24.3%
Furniture Lease-Corp Offices	6,825.51	31.6%	7,360.01	16.3%
Legal & Accounting	4,400.00	20.3%	5,706.25	12.6%
Legal Fees-G & A	2,193.50	10.1%	2,361.94	5.2%
Prof Svces-Registered Agents	0.00	0.0%	75.00	0.2%
Contract Service-Internet	0.00	0.0%	800.00	1.8%
Contract Services	7,916.68	36.6%	12,916.68	28.6%
Prof Services-PayChex	0.00	0.0%	492.30	1.1%
Fees-State Auth & Licensing	1,285.00	5.9%	3,959.00	8.8%
Bonding	0.00	0.0%	114.00	0.3%
Repair & Maintenance	594.00	2.7%	672.88	1.5%
Clng & Janitorial-Corp Offices	125.00	0.6%	375.00	0.8%
Utilities-Electric-Corp Offices	469.11	2.2%	469.11	1.0%
Utilities-Elec-Corp Office	0.00	0.0%	86.28	0.2%
Rent	0.00	0.0%	(2,660.61)	-5.9%
Rent-Corporate Offices	25,328.12	117.1%	30,649.34	67.7%
State Franchise & Annual Taxes	0.00	0.0%	311.00	0.7%
TOTAL Expenses	122,897.61	568.1%	282,409.44	624.2%
OPERATING PROFIT	(118,891.78)	-549.6%	(283,923.89)	-627.6%
Other Income & Expenses				
Interest Income	844.05	3.9%	4,063.41	9.0%

Compass Telecommunications, Incorporated
Income Statement
For the Twelve Months Ending December 31, 1998

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
venues				
Gross Sales-Internet Phoenix	\$ 1,357.65	\$ 15,800.00	\$ 5,467.80	\$ 29,600.00
Gross Sales-Long Distance Phx	2,393.66	35,400.00	3,748.39	54,860.00
Gross Sales-Local Phoenix	5,056.50	177,000.00	10,291.36	275,300.00
Gross Sales-Other Phoenix	91.10	8,850.00	543.01	13,715.00
Interest Income	789.71	0.00	7,280.69	0.00
Other Income	0.00	0.00	70.96	0.00
Finance Charge Income	9.35	0.00	9.35	0.00
Finance Charge Income	0.00	0.00	0.49	0.00
Finance Charge Income	21.52	0.00	21.52	0.00
Total Revenues	9,719.49	237,050.00	27,433.57	373,475.00
Cost of Sales				
COGS-Internet Phoenix	3,625.38	5,214.00	11,090.48	11,442.00
COGS-Long Distance Phx	1,647.35	29,736.00	2,887.75	46,082.00
COGS-Local Phoenix	6,347.40	51,330.00	9,893.09	141,819.00
COGS-Other Phoenix	191.34	7,080.00	545.34	10,972.00
Total Cost of Sales	11,811.47	93,360.00	24,416.66	210,315.00
Gross Profit	<2,091.98>	143,690.00	3,016.91	163,160.00
Expenses				
Advertising Expense-G & A	780.00	5,700.00	3,372.50	17,400.00
Advertising Expense-Internet	0.00	0.00	130.00	0.00
Amortization Expense	222.00	0.00	1,110.66	0.00
Auto Expenses-Sales	936.01	653.00	1,273.68	1,307.00
Bank Charges	2.18	400.00	1,728.40	1,400.00
Business Development	0.00	2,000.00	0.00	6,000.00
Commissions and Fees Exp-G & A	0.00	0.00	2,400.00	0.00
Commissions and Fees Exp-Sales	345.51	7,000.00	345.51	17,500.00
Depreciation Expense	1,297.15	0.00	3,620.95	0.00
Depreciation Expense	115.69	0.00	115.69	0.00
Dues and Subscriptions Exp	195.00	300.00	500.00	1,200.00
Dues and Subscriptions Exp	700.00	0.00	700.00	0.00
Employee Benefits Exp-G&A	0.00	600.00	1,386.89	2,700.00
Employee Benefit Exp-Sales	0.00	426.00	0.00	852.00
Employee Benefit Exp-Bus. Ofc.	416.09	710.00	1,329.44	2,698.00
Employee Benefit Exp-NetworkOP	142.72	995.00	647.04	1,847.00
Employee Benefit Exp-Internet	285.45	568.00	789.77	1,704.00
Freight Expense	171.70	0.00	1,149.67	0.00
Gifts Expense	0.00	500.00	0.00	1,300.00
Insurance Expense	503.67	500.00	2,007.38	2,500.00
Insurance-Key Man Life	207.38	500.00	474.26	2,500.00
Internet Expenses	1,200.00	10,637.00	1,200.00	20,637.00
Temporary Help Expense-G & A	0.00	0.00	672.88	0.00
Temporary Help Expense-Sales	0.00	2,800.00	0.00	4,200.00
Temporary Help Expense-Bus Ofc	0.00	0.00	375.00	0.00
Temporary Help Expense-NOC	0.00	5,000.00	1,344.00	5,000.00
Temporary Help Expense-Internt	0.00	0.00	335.00	0.00
Lease pmts Internet Tier I	0.00	5,500.00	0.00	11,000.00
Lease pmts ISP equip	1,448.50	12,500.00	13,422.76	37,500.00
MIS Routers for LANS & WANS	0.00	10,400.00	0.00	10,400.00
Legal and Professional Expense	961.50	3,000.00	5,264.75	9,000.00
Licenses Expense-G & A	55.00	8,000.00	38,332.11	39,000.00
Licenses Expense-Internet	0.00	0.00	935.00	0.00
Meals and Ent Exp-G & A	198.98	1,500.00	1,951.49	6,000.00
Meals and Ent Exp-Sales	135.93	1,500.00	224.48	3,200.00
Meals and Ent Exp-Bus Ofc	0.00	100.00	66.85	500.00
Meals and Ent Exp-Internet	0.00	0.00	73.07	0.00
Meeting Expense	0.00	500.00	9.00	2,500.00
OC Center Buildout	0.00	3,000.00	15,175.52	103,000.00
Switch Port Leasing	0.00	30,000.00	0.00	30,000.00
ATM Hubs Switch	0.00	67,000.00	0.00	67,000.00

For Management Purposes Only

Compass Telecommunications, Incorporated
Income Statement
For the Twelve Months Ending December 31, 1998

	Current Month Actual	Current Month Budget	Year to Date Actual	Year to Date Budget
FM Backbone	0.00	20,000.00	0.00	30,000.00
Remote ATM Switch	0.00	6,400.00	0.00	12,800.00
Office Expense-G & A	1,883.17	500.00	7,034.42	2,500.00
Office Expense-Sales	0.00	0.00	147.57	0.00
Office Expense-Bus Ofc	0.00	0.00	87.64	0.00
Office Expense	180.36	0.00	180.36	0.00
Office Expense-Internet	0.00	0.00	30.94	0.00
Other Taxes & Licenses-G & A	0.00	100.00	12.00	3,800.00
Other Taxes & Licenses-Bus Ofc	0.00	0.00	100.00	0.00
Payroll Tax Expense	0.00	0.00	<182.25>	0.00
Payroll Tax Expense-G & A	4,199.35	2,400.00	38,644.19	10,200.00
Payroll Tax Expense-Sales	0.00	1,170.00	0.00	2,610.00
Payroll Tax Expense-Bus Ofc	0.00	1,125.00	0.00	4,275.00
Payroll Tax Expense-NOC	0.00	2,805.00	0.00	4,695.00
Payroll Tax Expense-Internet	0.00	1,161.00	0.00	3,544.00
Pension/Profit-Sharing Plan Ex	619.00	0.00	1,119.00	0.00
Postage & Delivery Expense	274.75	1,000.00	930.85	5,000.00
Printing Expense-G & A	74.72	1,600.00	2,033.01	18,070.00
Printing Expense-Sales	1,387.48	0.00	2,905.43	0.00
Printing Expense-Bus Ofc	0.00	0.00	159.44	0.00
Recruiting Expense-G & A	0.00	800.00	288.00	4,000.00
Recruiting Expense-Sales	0.00	0.00	498.25	0.00
Recruiting Expense-Bus Ofc	0.00	0.00	552.00	0.00
Recruiting Expense-NOC	426.25	0.00	1,389.05	0.00
Rent or Lease Exp - Bldg	2,660.61	77,500.00	66,588.26	87,500.00
Rent or Lease Exp - Computers	829.54	3,500.00	2,144.45	44,500.00
Rent or Lease Exp - Furn/Equip	534.50	25,000.00	4,725.98	29,100.00
Rent or Lease Exp-Equip BusOf	5.89	0.00	151.17	0.00
Rent or Lease Exp-Equip Intnet	12.90	0.00	132.29	0.00
Repairs Expense	212.66	0.00	438.67	0.00
Repairs Expense	35.00	0.00	35.00	0.00
Repairs Expense	0.00	1,000.00	0.00	1,000.00
Salaries & Wages Exp-G & A	20,416.66	33,333.00	176,387.02	141,666.00
Salaries & Wages Exp-Sales	11,833.34	12,999.00	36,080.88	28,998.00
Salaries & Wages Exp-Bus Ofc	13,849.38	12,500.00	50,949.89	47,500.00
Salaries & Wages Exp-NOC	2,333.34	31,166.00	15,723.12	52,166.00
Salaries & Wages Exp-Internet	9,644.08	12,333.00	30,164.34	37,665.00
Directors Fees	0.00	1,000.00	0.00	5,000.00
Sales Tax Expense	0.00	0.00	149.33	0.00
Supplies Expense-G & A	560.99	2,000.00	3,194.18	8,350.00
Supplies Expense-Bus Ofc	0.00	0.00	202.14	0.00
Telephone Expense-G & A	1,903.57	5,100.00	9,029.46	21,400.00
Telephone Expense-Sales	84.17	225.00	418.10	450.00
Training Expense-G & A	0.00	0.00	95.00	0.00
Training Expense-Sales	0.00	850.00	0.00	3,600.00
Training Expense-Bus Ofc	0.00	850.00	846.12	3,600.00
Training Expense	0.00	2,000.00	0.00	4,000.00
Travel Expense	0.00	4,000.00	1,758.60	14,000.00
Travel Expense	0.00	3,450.00	0.00	6,900.00
Utilities Expense	276.82	0.00	1,384.95	0.00
Workers Compensation Exp	0.00	300.00	0.00	1,500.00
Other Expense-G & A	<1.39>	0.00	964.07	0.00
Other Expense-Sales	0.00	0.00	34.00	0.00
Other Expense-Internet	0.00	0.00	750.00	0.00
Total Expenses	84,557.60	450,456.00	560,740.67	1,050,234.00
Net Income	\$ <86,649.58>	\$ <306,766.00>	\$ <557,723.76>	\$ <887,074.00>

For Management Purposes Only

Compass Telecommunications, Incorporated
Statement of Cash Flow
For the twelve Months Ended December 31, 1998

	Current Month	Year to Date
Cash Flows from operating activities		
Net Income	\$ <86,649.58>	\$ <557,723.76>
Adjustments to reconcile net income to net cash provided by operating activities		
Accum. Depreciation-Furniture	140.45	260.99
Accum. Depreciation-Equipment	1,156.70	3,359.96
Accum. Depr. Equip-Network Op	115.69	115.69
Accounts Receivable	<2,900.77>	<10,067.50>
Other Receivables	<59.87>	<124.01>
Prepaid Expenses	<508.95>	<11,135.86>
Notes Receivable-Current	600.01	<89,715.58>
Accounts Payable	6,843.69	6,934.59
Sales Tax Payable	94.59	304.60
Excise Tax Payable	137.49	137.49
Other Taxes Payable	78.55	217.01
Customer Deposits	<70.00>	0.00
Total Adjustments	<u>5,627.58</u>	<u><99,712.62></u>
Net Cash provided by Operations	<u><81,022.00></u>	<u><657,436.38></u>
Cash Flows from investing activities		
Used For		
Furniture and Fixtures	<20,015.29>	<38,706.29>
Equipment-G & A	<1,087.75>	<48,967.41>
Equipment-Network Operations	<9,717.66>	<9,717.66>
Deposits	<1,800.00>	<32,802.83>
Organization Costs	0.00	<238,161.57>
Accum Amortiz - Organiz Costs	0.00	<950.67>
Customer Lists-C. Lindsey	0.00	<40,000.00>
Net cash used in investing	<u><32,620.70></u>	<u><409,306.43></u>
Cash Flows from financing activities		
Proceeds From		
Common Stock	1.00	1,211,769.85
Paid-in Capital	9,999.00	1,248,895.01
Used For		
Common Stock	0.00	<1,210,905.01>
Paid-in Capital	0.00	<9,999.00>
Net cash used in financing	<u>10,000.00</u>	<u>1,239,760.85</u>
Net increase <decrease> in cash	<u>\$ <103,642.70></u>	<u>\$ 173,018.04</u>
Summary		
Cash Balance at End of Period	\$ 413,564.54	\$ 413,564.54
Cash Balance at Beginning of P	<516,936.21>	0.00
Net Increase <Decrease> in Cash	<u>\$ <103,371.67></u>	<u>\$ 413,564.54</u>

Unaudited - For Internal Use Only.

Compass Telecommunications Inc

Chart of Accounts

Account #	Account Description	Account Type	Sub Type	PSC-Through
1.00	OUT-OF-BALANCE ERROR	Current Assets		P
1000.00	Cash	Current Assets	Cash	C-1150.00
1010.00	Petty Cash on Hand	Current Assets (Cash)		P
1020.00	Checking Account-M & I Thunder	Current Assets		P
1030.00	Oprg Checking -Century Bank	Current Assets (Cash)	Cash	P
1040.00	IXC Lock Box Acct-Chase	Current Assets		P
	Notes: Chase Bank-Cmmml Checking Account # 099-22776751			
	Trust Account - IXC Communications Services, Inc.	Current Assets (Cash)	Cash	P
1060.00	M M Checking- Century	Current Assets		P
1070.00	C D-L o C Balance	Current Assets		
	Notes: CD # 030-0208903 Century Bank Dated Nov 4, 1998			
	Int @ 4.40% Matures 11/03/99			P
1074.00	L of C-Winstar	Current Assets		P
1075.00	L of C-U S West	Current Assets		P
1080.00	CD-Letter of Credit-Shimizu	Current Assets		
	Notes: CD # 010-0208903 Century Bank Dated 12/15/98			
	Int @ 4.65% Matures 10/2/99			P
1160.00	Accts Rec Clearing	Current Assets		C-1250.00
1200.00	Account Receivables	Current Assets	A/R	P
1210.00	Accounts Receivable-L D	Current Assets		P
1211.00	Accounts Receivable-Local Svce	Current Assets		P
1212.00	Accounts Receivable-Internet	Current Assets		P
1216.00	Employee Revble-Parking	Current Assets		P
1218.00	Other Receivables	Current Assets		P
1219.00	Employee Revble-Other	Current Assets		P
1220.00	Notes Receivable-Current	Current Assets		P
1229.00	NSF Checks Receivable	Current Assets		P
1230.00	Allowance for Bad Debts	Current Assets		P
1240.00	Deposits on Furniture	Current Assets		
	Notes: Check to Melhagians Furniture \$1292.50			
	Check to Ludlows Furniture \$3475.00			P
1250.00	Ppd Rent	Current Assets		P
1260.00	Ppd Ins - Property	Current Assets		
	Notes: Initial Policy Paid 9/30/98 Total \$5729.63 to be amortized over twelve months at \$516.67 beginning October 15, 1998			P
1270.00	Ppd Ins - Key Man Life	Current Assets		
	Notes: CNA Policy paid 11/12/98-Ck # 1063 Total \$2722.50			
	To be Amortized over twelve months at \$266.88 per month			P
1275.00	PPD Ins-EPL	Current Assets		
	Notes: Employment Practices Liability Policy 4/15/99-4/15/00 Total Cost \$3350.00			P
1276.00	Ppd Ins-Officer D & C	Current Assets		
	Notes: Officers D & C Policy 4/15/99-4/15/00 \$12,000.00			P
1277.00	PPd Ins-Paychex Fidelity Bond	Current Assets		P
1278.00	Ppd Ins-Workers Comp	Current Assets		
	Notes: Hartford Ins Policy # 59WECJA7730-9/9/98-9/9/99			
	Total \$ 2355.00 Amort 282.60 per month			P
1280.00	Deposits-Furniture	Current Assets		
	Notes: Check to glass table for Board Room Table-2/99 \$2250.00		Inv	P
1370.00	General Supplies	Current Assets		C-1450.00
1400.00	Prepayments	Current Assets		P
1410.00	Prepaid Property Tax	Current Assets		P
1420.00	Refundable Deposits-Optic	Current Assets		P
1430.00	Prepaid Equipment Lease	Current Assets		P
1440.00	Prepaid Rent	Current Assets		
				P
1445.00	Legal Retainer-Sarchland	Other Assets		C-1495.00
1450.00	Other Assets	Other Assets		P
1470.00	Refundable Deposits-Optg	Other Assets		

Compass Telecommunications Inc

Chart of Accounts

count #	Account Description	Account Type	Sub Type	PSC-Through
1480.00	Refundable Deposits-Licensing	Other Assets		P .
1485.00	Customer Lists-G. Lindsey	Other Assets		P .
1490.00	Accum Amort-Customer Lists	Other Assets		P .
				C-1580.00
500.00	Property & Equipment	Fixed Assets		P .
1520.00	Building Accum. Depm.	Fixed Assets		P .
1525.00	Furniture & Fixtures	Fixed Assets		P .
1530.00	Furniture & Fix. Accum. Depm.	Fixed Assets		P .
1535.00	Equipment	Fixed Assets		P .
1540.00	Equipment Accum. Depm.	Fixed Assets		P .
1545.00	Equipment G & A	Fixed Assets		P .
1550.00	Equip G & A-Accum. Depm.	Fixed Assets		P .
1570.00	Leasehold Improvements	Fixed Assets		P .
1575.00	Leasehold Imp. Accum. Amort.	Fixed Assets		P .
		Current Liabilities		P
1580.00	Signage	Fixed Assets		P
1585.00	Signage	Fixed Assets		C-2039.00
2000.00	Accounts Payable	Current Liabilities	A/P	P .
2010.00	Trade Payables	Current Liabilities	A/P	P .
2015.00	ST Loan Payable-Shareholder	Current Liabilities	A/P	P .
2020.00	Inventory Purchase Receiv. Ing	Current Liabilities	A/P	P .
2030.00	Customer Deposits	Current Liabilities	A/P	P .
2040.00	Sales Tax Payable	Current Liabilities	A/P	P .
2050.00	Excise Tax Payable	Current Liabilities	A/P	P .
2060.00	Salaries and Wages Payable	Current Liabilities	A/P	P .
2070.00	Employee Benefits Payable	Current Liabilities	A/P	P .
2080.00	Vacation Withheld	Current Liabilities	A/P	P .
2090.00	Workers' Comp. Insurance	Current Liabilities	A/P	P .
2100.00	Payroll Taxes Payable	Current Liabilities	A/P	P .
2110.00	Federal Withholding	Current Liabilities	A/P	P .
2120.00	FICA	Current Liabilities	A/P	P .
2130.00	Medicare	Current Liabilities	A/P	P .
2140.00	State Withholding	Current Liabilities	A/P	P .
2150.00	Federal Unemployment	Current Liabilities	A/P	P .
2160.00	State Unemployment	Current Liabilities	A/P	P .
2180.00	Local Payroll Taxes Payable	Current Liabilities	A/P	P .
2200.00	Other Taxes Payable	Current Liabilities		P
2220.00	Child Support Payable	Long-Term Liabilities		P
2280.00	Net Payroll Clearing	Long-Term Liabilities		P
2500.07	Travel Advances	Long-Term Liabilities		P
2600.00	Notes Payable	Long-Term Liabilities		S
2700.00	Contracts Payable	Long-Term Liabilities		P .
2710.00	Premium Financing Specialists	Long-Term Liabilities		
	Notes: Insurance Finance Agreement: EPL & Officers D & O \$12050.82			
	Nine payments of \$1338.98 Begin 5/15/99 End 1/15/00			
		Long-Term Liabilities		S
2799.00				P
3000.00	Common Stock	Equity		P
3050.00	Preferred Stock	Equity		P
3080.00	Treasury Stock	Equity		P
3100.00	Paid In Capital	Equity		P
3900.00	Retained Earnings	Retained Earnings		P
				C-4100.00
4000.00	Sales	Sales		S.
4005.00	Income-Long Distance	Sales		

Compass Telecommunications Inc

Chart of Accounts

Account #	Account Description	Account Type	Sub Type	PSC-Through
		Sales		P..
4005.01	Long Distance-Retail	Sales		P..
4006.01	Long Distance-Wholesale	Sales		S..
4009.00	Total Long Distance	Sales		S..
4010.00	Income-Local Service	Sales		P..
4010.02	Local Svce-Retail	Sales		P..
4011.02	Centrex 21	Sales		P..
4011.03	Add'l. Secondary Dir	Sales		P..
4011.04	Analog	Sales		P..
4011.05	Call Forward	Sales		P..
4011.06	Call Park	Sales		P..
4011.07	ISDN 2B+S	Sales		P..
4011.08	Loop Extension Charge	Sales		P..
4011.09	Non Std Config Group	Sales		P..
4012.02	Call Forward	Sales		P..
4013.02	Call Waiting	Sales		P..
4014.02	Caller ID	Sales		P..
4015.02	Other Extras	Sales		P..
4015.03	3 Way Calling	Sales		P..
4015.04	Additional Mo. Fee	Sales		P..
4015.05	ALAC CR Lifting	Sales		P..
4015.06	Call Rejection	Sales		P..
4015.07	Call Transfer	Sales		P..
4015.08	CFBL Cus Prog	Sales		P..
4015.09	CFDA Cus Prog	Sales		P..
4015.10	Continuous Redial	Sales		P..
4015.11	Custom Ringing	Sales		P..
4015.12	Daytime Don't Plus	Sales		P..
4015.13	Dial Tone 1 Party	Sales		P..
4015.14	Dir CL PU	Sales		P..
4015.15	Distinctive Alert	Sales		P..
4015.16	Do Not Disturb	Sales		P..
4015.17	Hunting	Sales		P..
4015.18	IntraCall	Sales		P..
4015.19	Last Call Return	Sales		P..
4015.20	Line Backer Plus	Sales		P..
4015.21	Low Use Option	Sales		P..
4015.22	MSG Notification	Sales		P..
4015.23	No Wire Maintenance	Sales		P..
4015.24	Non Published	Sales		P..
4015.25	Non-List. Mo. Rate	Sales		P..
4015.26	Priority Call	Sales		P..
4015.27	RCF	Sales		P..
4015.28	Remote Access Forward	Sales		P..
4015.29	Scheduled Forward	Sales		P..
4015.30	Speed Call	Sales		P..
4015.31	T Only	Sales		P..
4015.32	Value Call Plan 2	Sales		P..
4015.33	Voice Mail	Sales		P..
4015.34	Voice Message	Sales		P..
4015.35	Vol Conn	Sales		P..
4015.36	800 SVCLN	Sales		P..
4016.02	Wire Maintenance	Sales		P..
4016.03	Installation	Sales		P..
4016.04	Portability Surcharge	Sales		P..
4017.02	Rebill Usage	Sales		P..
4017.03	3 Way Calling	Sales		P..
4017.04	Continuous Redial	Sales		P..
4017.05	Last Call Return	Sales		P..
4017.06	Call Trace	Sales		P..

Compass Telecommunications Inc

Chart of Accounts

Account #	Account Description	Account Type	Sub Type	PSC-Through
4017.07	Directory Assistance	Sales		P . .
4018.02	Federal Access Charge	Sales		P . .
4019.00	Total Local Service	Sales		S .
4020.00	Income-Internet	Sales		S .
4020.01	Internet - Resell	Sales		P . .
4021.01	Internet - Direct	Sales		P . .
4021.02	Annual Internet	Sales		P . .
4021.03	Unlimited Internet	Sales		P . .
4021.04	ISDN Internet Connection	Sales		P . .
4021.05	T-1 Connection	Sales		P . .
4021.06	DSL Service	Sales		P . .
4021.07	Tech. Support for ISP Cust.	Sales		P . .
4021.08	Analog Line Svc.	Sales		P . .
4022.03	Internet-E-Mail Only	Sales		P . .
4022.04	E-Mail Only	Sales		P . .
4023.03	Internet-Dialup Only	Sales		P . .
4027.03	Internet-Web Svc.	Sales		P . .
4028.03	Internet-Domain Transfer Fee	Sales		S .
4029.00	Total-Internet	Sales		S .
4030.00	Income-Data Service	Sales		P . .
4030.04	Data Service-Resell	Sales		P . .
4031.04	Data Service-OnNet	Sales		S .
4039.00	Total-Data Service	Sales		P .
4040.00	Late Fees	Sales		P .
4080.00	Consulting Income	Sales		P .
4090.00	Late Fees			
		Sales Adjustments		C-4999.00
4900.00	Refunds & Returns	Sales Adjustments		P .
4910.00	Refunds	Sales Adjustments		P .
4920.00	Merchandise Returns			
		Cost of Goods Sold		C-5499.00
5000.00	Cost of Goods Sold	Cost of Goods Sold		P .
5003.00	COGS-Long Distance	Cost of Goods Sold		P .
5010.00	COGS-Local Service	Cost of Goods Sold		P .
5014.00	COGS-Local Svc-Install & Svce	Cost of Goods Sold		P .
5019.00	COGS-Voice Messaging	Cost of Goods Sold		P .
5020.00	COGS-Internet	Cost of Goods Sold		P .
5030.00	COGS-Data Service	Cost of Goods Sold		P .
5040.00	COGS-Long Distance Billing-IXC	Cost of Goods Sold		P .
5050.00	Cost of Good. Sold Account #5	Cost of Goods Sold		P .
5090.02	Sales Discount			
		Expenses		S
6000.00	Payroll Costs	Expenses		P .
6005.09	Salaries-Executive	Expenses		P .
6010.00	Salaries	Expenses		P .
6010.09	Salaries-General & Admin	Expenses		P .
6015.00	Salaries-Sales	Expenses		P .
6015.07	Salaries-Sales & Mktg	Expenses		P .
6018.07	Salaries-Sales Commissions	Expenses		P .
6020.00	Salaries-Business Office	Expenses		P .
6020.05	Salaries-Business Office	Expenses		P .
6025.00	Salaries-NOI	Expenses		P .
6025.09	Salaries-NOI	Expenses		P .
6030.00	Salaries-Internet	Expenses		P .
6030.03	Salaries-Internet IPS	Expenses		P .
6035.00	Commissions-Sales	Expenses		P .
6040.00	Commissions-S & A	Expenses		P .
6210.00	Payroll Taxes	Expenses		P .
6230.00	Workers' Comp. Insurance	Expenses		

Compass Telecommunications Inc

Chart of Accounts

Account #	Account Description	Account Type	Sub Type	PSC-Through
		Expenses		C-6289.00
6250.00	Employee Benefits	Expenses	P . .	
6260.00	Medical Insurance	Expenses	P . .	
6265.00	Insurance-Liability	Expenses	P . .	
6270.00	Life Insurance	Expenses	P . .	
6280.00	Employee Meals	Expenses	P . .	
6282.00	Employee Education Reimb	Expenses	S	
6999.00	Payroll Costs	Expenses		C-7199.00
7000.00	Advertising	Expenses	P . .	
7010.00	Print Ads	Expenses	P . .	
7020.00	Adv-Sponsorships	Expenses	P . .	
7030.00	Broadcast Advertising	Expenses	P . .	
7050.00	Trades	Expenses	P . .	
7090.00	Directories & Guides	Expenses	P . .	
7100.00	In-House Promotions	Expenses	P . .	
7710.09	Bank Charges	Expenses	P	
7801.00	Board Travel Expense	Expenses		C-8099.00
8000.00	Utilities	Expenses	P . .	
8010.00	Gas	Expenses	P . .	
8020.00	Electricity	Expenses	P . .	
8030.00	Water	Expenses	P . .	
8040.00	Refuse Disposal	Expenses	P	
8050.00	Sewer	Expenses		C-8599.00
8100.00	General Expenses	Expenses	P . .	
8110.00	Printing	Expenses	P . .	
8110.07	Printing-Sales & Mktg	Expenses	P . .	
8110.08	Printing Costs-Compliance	Expenses	P . .	
8110.09	Printing Costs-G & A	Expenses	P . .	
8114.09	Equip Rental-Postage Meter	Expenses	P . .	
8115.00	Computer Exp-Software	Expenses	P . .	
8115.07	Freight-Postage	Expenses	P . .	
8115.08	Postage Shipping-Compliance	Expenses	P . .	
8115.09	Postage Shipping-G & A	Expenses	P . .	
8120.00	Office Supplies	Expenses	P . .	
8121.09	Office Supplies-G & A	Expenses	P . .	
8122.07	Office Supplies-Sales & Mktg	Expenses	P . .	
8130.00	Telephone	Expenses	P . .	
8131.09	Telephone - G & A	Expenses	P . .	
8132.07	Telephone - Sales & Mktg	Expenses	P . .	
8138.04	Cell Phone-Network Systems	Expenses	P . .	
8138.07	Cell Phone-Sales & Mktg	Expenses	P . .	
8138.09	Cell Phone-G & A	Expenses	P . .	
8139.03	Pager Service	Expenses	P . .	
8139.04	Pager Svce-NOC	Expenses	P . .	
8139.05	Pager Svce-BO	Expenses	P . .	
8141.09	Insurance-Gen Liability	Expenses	P . .	
8142.09	Insurance-EPL	Expenses	P . .	
8143.09	Insurance-Officers D & O	Expenses	P . .	
8146.09	Insurance-Key Man Life	Expenses	P . .	
8150.00	Training & Seminar	Expenses	P . .	
8160.00	Dues & Subscriptions	Expenses	P . .	
8160.09	Fees & Dues-Professional	Expenses	P . .	
8170.00	Travel & Entertainment	Expenses	P . .	
8171.07	Travel Exp-Sales & Marketing	Expenses	P . .	
8172.09	Travel Exp-G & A	Expenses	P . .	
8173.07	Auto Mge Reimb-Sales & Market	Expenses	P . .	
8176.09	Auto Mge Reimb-G & A	Expenses	P . .	
8181.09	Eq Lease-Corporate Offices	Expenses	P . .	
8182.09	Furniture Lease-Corp Offices	Expenses	P . .	
8190.00	Cash Over/Short	Expenses		

Compass Telecommunications Inc

Chart of Accounts

Account #	Account Description	Account Type	Sub Type	PSC-Through
8210.00	Accounting	Expenses		P .
8211.09	Legal Fees-G & A	Expenses		P .
8212.09	Legal Fees-St Authority & Lic	Expenses		P .
8214.03	Prof Services-Bonding	Expenses		P .
8215.08	Prof Svcs-Registered Agents	Expenses		P .
8216.03	Contract Service-Internet	Expenses		P .
8216.05	Contract Services-G & A	Expenses		P .
8216.06	Contract Services-INT	Expenses		P .
8216.09	Prof Services-PayChex	Expenses		P .
8217.05	Contract Services-Toney	Expenses		P .
8220.08	Fees-State Auth & Licensing	Expenses		P .
8232.09	Bonding	Expenses		P .
8270.00	Repair & Maintenance	Expenses		P .
8271.09	Cling & Janitorial-Corp Offices	Expenses		P .
8280.00	Utilities-Electric-Corp Offices	Expenses		P .
8280.09	Utilities-Elec-Corp Office	Expenses		P .
8300.00	Rent	Expenses		P .
8300.09	Rent-Corporate Office	Expenses		P .
8330.00	Personal Property Tax	Expenses		P .
8450.00	State Franchise & Annual Taxes	Expenses		P .
8550.00	Depreciation Expense	Expenses		P .
8575.00	Amortization Expense	Expenses		P .
8600.00	Other Income & Expenses	Other Income & Expenses		C-8799.00
8630.00	Interest Income	Other Income & Expenses		P .
8640.00	Miscellaneous Income	Other Income & Expenses		P .
8650.00	Shipping Charges Reimbursed	Other Income & Expenses		P .
8700.00	Interest Expense	Other Income & Expenses		P .
9100.00	Federal Income Tax	Income Tax Expenses		P
9200.00	State Income Tax	Income Tax Expenses		P

Compass Telecommunications, Inc.
7001 N. Scottsdale Road Suite #2000
Scottsdale, Arizona 85250
(480) 367-8000

Affidavit

Application for Certification to Provide Telecommunications Services
within the State of Tennessee.


Issued By: Joanne Beal, Secretary
Compass Telecommunications, Inc.
Scottsdale, Arizona 85250

VERIFICATION

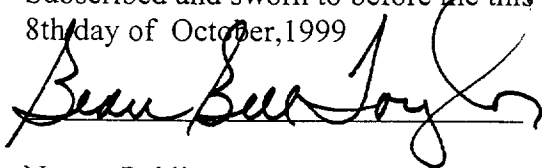
STATE OF ARIZONA

COUNTY OF MARICOPA

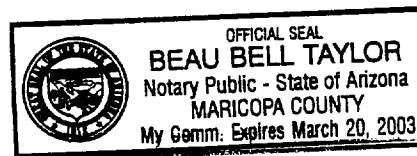
Joanne Beal, being first duly sworn, deposes and says: That she is the Secretary for Compass Telecommunications, Inc., the applicant in the above proceeding, that she has read the foregoing application, and knows the contents thereof; and that she is authorized by Compass Telecommunications, Inc. to verify that the contents of the application are true.


Joanne Beal, Secretary
Compass Telecommunications, Inc.
7001 N. Scottsdale Rd.
Suite 2000
Scottsdale, AZ 85250
480-367-8000

Subscribed and sworn to before me this
8th day of October, 1999



Notary Public
State of Arizona



My commission expires: March 20, 2003